

GENERAL PURCHASING TERMS AND CONDITIONS OF

LUCCO a.s.

These General Purchasing Terms and Conditions apply to all purchase contracts in which LUCCO a.s. with registered office at Velké Albrechtice 242, 742 91, entered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, File 3327, company ID number 27814548 acts as the buyer (hereinafter referred to only as the "Buyer").

The General Purchasing Terms and Conditions (hereinafter referred to only as the "Conditions") shall take precedence over any conditions of the Seller which may exist. Unless the purchase contract between the Seller and the Buyer specifies any other explicitly determined provisions, it shall be understood that this is governed by the content of these Conditions. These Conditions may be unilaterally changed by the Buyer. In such a case, the new version of the Conditions shall always be sent to the Seller at the latest together with the order.

The General Purchasing Terms and Conditions may be supplemented by conclusion of a "Quality Agreement" individually with individual Sellers.

I. CONCLUSION OF A PURCHASE CONTRACT

a) Purchase contract shall be understood to mean a binding order placed by the Buyer and accepted by the Seller in compliance with this article of the Conditions.

b) The Buyer's order may be placed in writing or electronically. The order must contain all of the required details, in particular identification of the Seller and the Buyer, the type, price and quantity of required goods according to the Seller's catalogue, the required delivery date for the goods and where applicable other delivery conditions if such conditions should differ from these Conditions. If the order does not contain sufficient specification, the Buyer shall supplement it subject to request by the Seller made within two working days of the date of acceptance of the order. If any change has occurred to the Conditions since the last order placed by the Buyer, the order shall also include the up-dated wording of the Conditions.

c) The Seller shall be obliged, within a deadline of two working days from the date of acceptance of an order, to confirm its acceptance, this being in writing or by attaching the stamp and signature of an authorised party acting on behalf of the Seller to a counterpart of the order. Delivery of acceptance of the order shall lead to conclusion of a purchase contract. If an order is not rejected within the determined deadline, it shall be understood that it was accepted and that a contract was concluded on expiry of the deadline.

d) If the Seller states any changes or supplementation to the data specified by the Buyer in confirmation of an order, this order confirmation shall be regarded as proposal of a new purchase contract. The purchase contract shall only be concluded if the Buyer confirms acceptance of these changes and supplementations, this being within two working days of the date of delivery. The form of acceptance is then subject to the same requirements as apply to the form of acceptance by the Seller.

II. SUBJECT OF THE ORDER

a) The subject of the order shall be understood to mean:

1. Metallurgical materials (235 JR+N pursuant to EN 10025, 355 J2+N pursuant to EN 10025, 355MC pursuant to EN10149-2, and others further specified in the order)

2. Additional materials

3. Cooperation and services

4. Other material

b) The generally valid standards which are binding for the Seller and for the Buyer shall apply to all deliveries of "goods" unless defined otherwise. This shall in particular concern standards for evaluation of dimensions and tolerances ČSN EN 10051:2011 or ČSN EN 10029:2011. The ČSN EN 10163-2:2005 standard shall be binding for assessment of surface quality.

c) The Seller shall be obliged to deliver goods to the Buyer in first-class quality defined by the valid standards for the given specification of "goods". Deviation from the valid standards shall only be possible on the basis of explicit request by the Buyer which is defined in the order.

d) All goods shall be delivered on the basis of weight ascertained on the Seller's certified scales.

III. DELIVERY CONDITIONS

a) The Seller undertakes to perform delivery of the ordered goods in compliance with the legislation relating to such a delivery and with regard to the nature of the goods. Delivery of goods shall be understood to mean delivery of the ordered goods in the required quality, quantity, design and agreed price, in compliance with the legislation and these Conditions.

b) If the Seller is unable to ensure due delivery of the ordered goods (i.e. in the required quality, quantity, design and with the required documents), it shall be obliged to notify the Buyer of this without delay. It shall at the same time be obliged to inform the Buyer of the reason for delay and the length of such delay. Delay of more than [five] working days shall be regarded as fundamental breach of the purchase contract and the Buyer shall be entitled in such a case to withdraw from the purchase contract. This shall not affect the other rights of the Buyer and the Seller is aware of its liability for delay in delivery of goods.

c) The Seller shall be obliged to pack the delivered goods and to duly secure them for the purpose of transportation with regard to the nature of the goods, this being in a manner minimising any negative impact on the environment in such a way that protection and preservation of the goods during transportation is ensured to the maximum extent.

d) Unless agreed otherwise in the purchase contract, the place of delivery of the goods is the premises of the Buyer - DDP Velké Albrechtice, this being the location used for acceptance of goods. Delivery shall include a delivery note including, among other details, the order number, designation of products and the delivered quantity.

e) If the Seller fails to deliver goods by the delivery date, the Buyer shall be entitled to demand of the Seller payment of contractual interest in the level of 0.03% of the purchase price of the goods.

f) The Seller shall be obliged to pack the goods in an appropriate manner, i.e. in a manner corresponding to the type of goods and form of transportation in such a way that the goods are not damaged.

IV. INITIAL SAMPLES

In the case of cooperation, the Seller shall be obliged, before performance of the first order, to submit initial samples for approval. Together with the initial sample, the Seller must provide a measurement and material record. The Seller undertakes to perform deliveries in line with approved samples,

the agreed conditions and documentation (drawings, technical data sheets, material data sheets etc.).

V. DOCUMENTATION

The Seller shall be obliged to provide the Buyer documents which are necessary for acceptance and use of goods, as well as the documents determined by these Conditions. The Seller shall be obliged to provide the Buyer the following during the first delivery of ordered goods (according to the nature of the goods):

1. Material data sheet
2. Safety data sheet
3. Declaration of conformity or CE certificate
4. Inspection certification pursuant to ČSN EN 10204 level 3.1.
5. Confirmation of meeting of safety conditions

VI. PRICE

The price of goods is determined in the order and stated in the purchase contract. If the price is not stated in the purchase contract, the price stated in the Seller's price list, catalogue or offer shall be used.

VII. LIABILITY FOR DEFECTS

a) Liability for defects is arranged in compliance with the respective provisions of Act No. 89/2012 Coll., Civil Code ("Civil Code"). The parties agree that any possible liability for defects to goods shall be resolved on the basis of this legislation unless these Conditions or the purchase contract determine a different course of action.

b) The Seller shall be liable for defects to goods if it fails to deliver goods in compliance with the purchase contract. Delivery of goods in a quantity, quality and design, including method of transportation, other than ordered shall be regarded as a defect. The Seller shall be liable for any defect which the goods exhibit at the moment when risk of damage to the goods is transferred to the Buyer even if the defect does not become evident until after this moment. The Seller shall not be liable for defects to goods which the Buyer knew of at the moment of conclusion of the purchase contract or which it must have known of in view of the circumstances under which the legal relationship was concluded, this being unless the defects relate to properties of the goods which the goods were supposed to exhibit pursuant to the contract.

c) The Buyer shall be obliged to notify the Seller of defects in writing (8D REPORT) without unnecessary delay after having been ascertained, no later than the end of the agreed warranty period, this being together with stipulation of the required entitlement arising from such defects.

d) The Buyer shall claim its entitlement from defects to goods at its own discretion. If remedy of defects in accordance with the Buyer's requirement has not yet been commenced, the Buyer shall be entitled to change its entitlement:

- 1) to demand remedying of defects by delivery of faultless alternative goods to replace the defective goods, or delivery of the missing goods, or
- 2) to demand remedying of defects by means of repair of the goods, if such defects can be remedied, or
- 3) to demand a reasonable discount on the purchase price, or
- 4) if the Seller is in delay with repairing goods, the Buyer shall be entitled to arrange repair of the goods at the Seller's cost, or

5) in the event of major defects, to withdraw from the purchase contract.

The Buyer shall also be entitled to withdraw from the purchase contract in the event of repeated (at least three times) minor defects, regardless whether this concerns the same defect three times in a row or three different defects.

e) If delivered goods exhibit defects, the Buyer shall not be obliged to pay the purchase price of the goods or outstanding part of the purchase price until such defects are remedied completely or alternative goods are delivered. The same shall apply if less goods than ordered are delivered.

f) The Buyer reserves the right to conclude a "Quality Agreement" document with the Seller. The Buyer reserves the right to make a claim if even only one defective item is discovered in a delivery.

g) In the event of defective goods being found, the Seller shall be obliged, within 24 hours of receipt of the claim – 8D Report, to determine immediate remedial measures in writing in the 8D Report and to send the supplemented 8D Report to the Customer. Regardless whether it was possible to ascertain the defect at an earlier point in time, the Seller shall be obliged to remedy it without delay, this being in line with the requirements of the Buyer either by means of repair or by means of replacement of defective parts for new parts, this being on its own account, incl. costs for transportation and reimbursement of the expenses of the Seller's workers sent to perform repairs. The Seller shall be obliged to fill in the other points of the 8D Report by the deadline determined in the 8D Report and to send this supplemented report to the Buyer.

h) If the Seller is unable to perform repair of the goods being claimed for by means of performance on site, the goods shall be repaired on the Seller's premises at its cost. The Seller shall be informed of the preliminary level of costs in advance and the Seller undertakes to reimburse these costs. All costs demonstrably incurred due to the bad quality of delivered products shall be invoiced to the Seller.

i) In the event of defects to goods, the Seller shall be obliged to pay the Buyer the following contractual penalties:

- for downtime (downtime of machinery and/or staff), CZK 2,000.00/hour if downtime was created as a consequence of defects to goods
- an administrative fee for legitimate claims for defects submitted to the Seller: EUR 100.00

j) Damage which product liability relates to also includes damage claimed for from the Buyer by a third party, e.g.: damage incurred by a manufacturer in the automobile industry and damage incurred by an end user and damage incurred within the framework of product withdrawal.

k) If a claim is made by a third party and made regarding goods covered by the warranty period and demonstrably caused by goods delivered by the Seller and the defect could not have been ascertained by the Buyer (if this is a hidden defect, or defect which could not have been discovered by means of acceptance in accordance with ISO 2859-1 performed using initial inspection in accordance with the inspection documentation), the Seller undertakes to reimburse costs demonstrably incurred by the third party relating to the claim made.

VIII. AUDIT ON THE SELLER'S PREMISES

The Buyer shall be entitled, subject to prior written agreement and the consent of the Seller, to perform an audit of the quality system on the Seller's premises. Any failings discovered during the audit shall be recorded in writing and if failings are not remedied by the agreed deadline, they may be regarded as fundamental breach of the contract.

The Buyer requires that the Seller create and introduce a quality assurance system which meets the requirements of the ČSN EN ISO 9001:2016 standard.

IX. WARRANTY

a) The Seller shall be obliged to deliver goods in the quantity, quality and design as specified in the purchase contract. Goods must meet the technical requirements determined by the legislation of the Czech Republic and the EU. If the Buyer has any special technical and quality requirements which it notified the Seller of no later than at the moment of placing the order and the Seller accepted these requirements, the Seller shall be obliged to deliver goods meeting these technical and quality requirements.

b) The Seller shall be obliged, at its cost, to ensure the required certificates or permits, approval by the state authorities of the country of origin and the Czech Republic.

c) The Seller shall be obliged to provide the Buyer a minimum warranty period of 24 months from the date of consumption by the end customers. The Seller shall also be obliged to provide the Buyer a warranty certificate together with the goods.

X. ENVIRONMENT

The Seller shall be obliged to ensure that the delivered goods and packaging always comply with the legislation relating to environmental protection.

XI. PAYMENT CONDITIONS AND INVOICING

The Seller shall issue an invoice on delivery of goods with a due date of 30 days from the date of delivery to the Buyer unless the contracting parties agree otherwise.

XII. CONTRACTUAL PENALTY

The Seller undertakes to pay the Buyer a contractual penalty if it is in delay with delivery of goods, this being in the level of 1% of the price of goods for each day of such delay. The Buyer shall be entitled to set off the contractual penalty against any due receivable of the Seller. Entitlement on the part of the Buyer to demand of the Seller compensation for damage in full shall not be affected by exercising of entitlement to the contractual penalty.

XIII. CONFIDENTIALITY OF INFORMATION

a) The Seller and the Buyer undertake to handle all non-public commercial and technical details which they become acquainted with via commercial relations as a trade secret. Both parties regard all non-public commercial or technical details as confidential information.

b) The obligation to preserve the confidentiality of information pursuant to this article shall not relate to the following facts:

- 1) generally known or generally available information
- 2) information which is communicated to a party by a third party which is not bound by a similar obligation to preserve confidentiality.
- 3) information, communication of which is required by law

c) The Seller and the Buyer undertake to regard all documentation which is handed over as confidential and to not disclose this and to not publish it to third parties.

d) The Seller is aware of its liability in the event of breach of the provisions on confidentiality of information on its part.

e) The Buyer provides the Seller non-exclusive licence to its intellectual property rights relating to the subject of the delivery

f) The Seller shall be obliged to provide the Buyer compensation in full for any damage incurred by the Buyer in relation to the claim of a third party arising from breach of any intellectual property rights.

g) The parties undertake to protect the trade secrets and special commercial and technical solutions of the other party which they become acquainted with within the framework of mutual commercial relations.

h) The Seller may only use products, tools and confidential data and other manufacturing equipment provided by the Buyer or paid for in full by the Buyer for its requirements or for the benefit of any third party with the prior written consent of the Buyer.

XIV. DELIVERY

a) Any notification shall be regarded as having been delivered to the respective recipient on the date of receipt by fax, e-mail or delivery in person and on the third working day after submission of written notification for postal in the Czech Republic for delivery by means of registered letter to the address specified in the order or acceptance of the order.

b) The following documents shall be regarded as verification of delivery of all notifications:

1) in the case of delivery by fax – the printed fax report on delivery to the respective telephone number which is stated in the order or acceptance of the order.

2) in the event of delivery by e-mail – confirmation of delivery to the respective e-mail address which is stated in the order or acceptance of the order

3) in the case of delivery in person – written confirmation of acceptance

4) in the case of delivery by letter – the postal receipt once three days have passed since submission for delivery by post

XV. GOVERNING LAW

a) These Conditions and all contracts concluded between the Seller and the Buyer shall be governed by the laws of the Czech Republic, in particular by the Civil Code, with exclusion of international private law and CISG (Vienna Convention on international sale of goods).

b) Any disputes arising from any contracts between the Buyer and the Seller or in relation to them shall be resolved with the court holding jurisdiction over the location of the Buyer's registered office.

Date: 01-06-2018
